

FDIC State Profile

Winter 2004

New York

New York has achieved positive job growth for three consecutive quarters, but growth trails the nation.

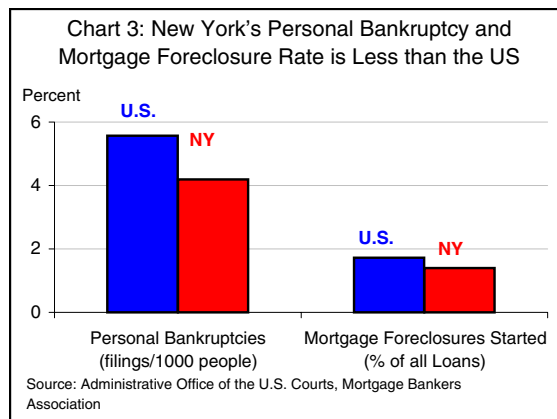
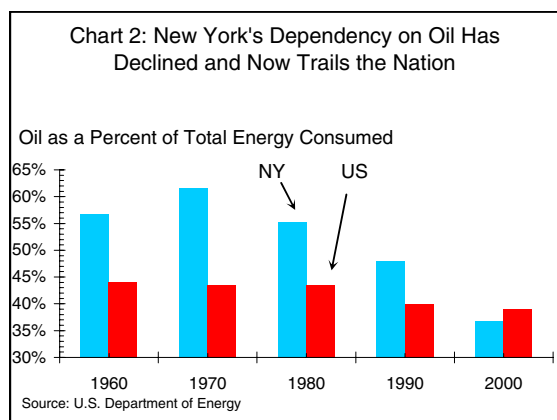
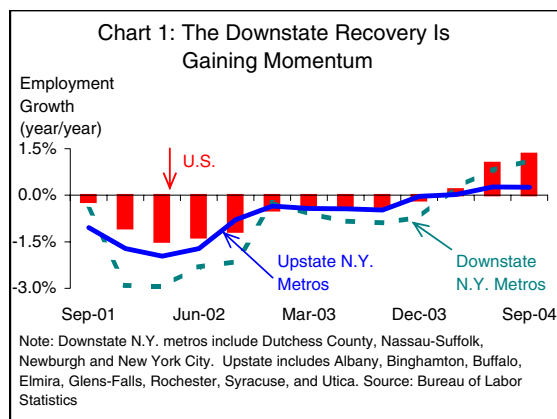
- After trailing the U.S. during the 2001 recession, the job growth rate in **Downstate New York** now approximates the nation (See Chart 1).¹ Downstate areas including **New York City, Long Island, Newburgh** and **Dutchess County**, have experienced job gains in service sectors such as financial, business, health and education.
- The rate of job loss in **Upstate New York** during the recession closely tracked the nation; however, the job recovery has been muted, reflecting the area's higher dependence on manufacturing jobs. Job cuts at IBM, Xerox, Kodak and other manufacturers have slowed the upstate recovery, particularly in **Binghamton, Buffalo, Rochester, and Syracuse**, areas that rely more heavily on the manufacturing sector.
- An expanding U.S. economy and a weaker dollar may boost demand for domestic manufactured goods, suggesting improvement in upstate areas. In addition, strong growth in orders and increasing backlogs indicate strengthening business investment and factory output.

Unlike previous decades, New York is less dependent on oil than the nation.

- New York's oil dependency has declined significantly since 1960 (See Chart 2). Increased reliance on alternative energy sources, such as natural gas, hydroelectric, and nuclear power and extensive use of mass transit, primarily in downstate New York has contributed to the decline. Nonetheless, at 37 percent of its energy needs, higher oil prices could hamper New York's manufacturing and transportation industries.

Strong home price appreciation has supported the consumer.

- New York's per capita bankruptcy rate has increased since 2000, but remains below the U.S. (See Chart 3). Rising bankruptcy rates may reflect persistent loss of



¹Downstate New York state metros include Dutchess County, Nassau-Suffolk, Newburgh and New York City. Upstate includes Albany, Binghamton, Buffalo, Elmira, Glens-Falls, Rochester, Syracuse, and Utica.

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manufacturing jobs, particularly in upstate New York. Mortgage foreclosures in 2004 were at their lowest levels since 1991 and approximated the national average. Home price appreciation and low interest rates have helped consumer finances.

- Home prices have increased in many parts of the state. In New York City metro area, including Long Island and the lower Hudson Valley, home appreciation has increased by double-digit rates for almost five years. In the third quarter 2004, price appreciation was highest in **Poughkeepsie-Newburgh, Albany**, and New York metro areas.² Conversely, home prices in areas of Upstate New York, such as **Elmira**, and Rochester, have experienced more modest price increases, with appreciation rates roughly half of the average for the nation.
- Home equity lending in the state has steadily increased during the past five years. In third quarter 2004, home equity loan growth in the state approached 20 percent. The state's community banks reported low delinquency rates on home equity loans. However, a rising interest rate environment could challenge some consumers, particularly those with higher levels of variable rate debt.

New York City's tourism industry has rebounded.

- Reflecting an improved national economy and strengthening business sector, New York City's tourism industry has rebounded since 2001 (See Chart 4). Hotel occupancy rates in third quarter 2004 were 84.2 percent, compared with the 68.5 percent national average. The increase in Revenues per room for New York City hotels was 17 percent in third quarter 2004, about twice the national average. The number of international visitors also has increased, helped in part by a weakening U.S. dollar.

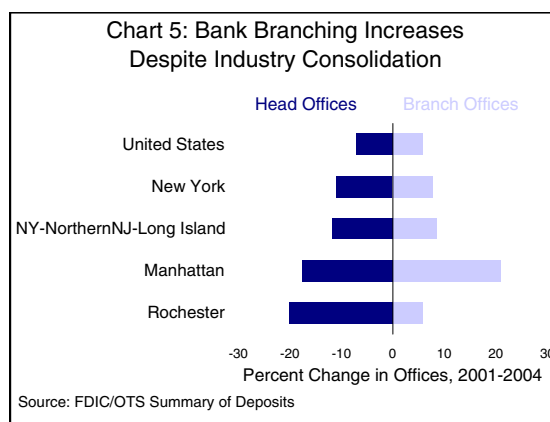
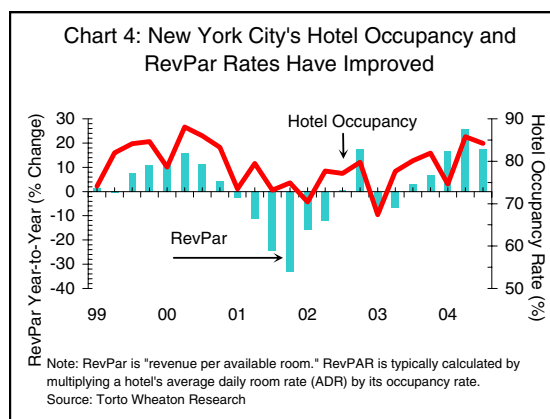
Profitability and net interest margin increased slightly amid higher interest rates.

- The median return-on-assets among New York's insured institutions improved in third quarter 2004.³ Higher net interest margins among banks contributed to improved bottom line profitability. The median net interest margin increased as a higher asset yield offset a rise in funding costs.
- In the third quarter, funding costs increased for the first time in four years as short-term rates rose above historical lows. Banks' deposit pricing typically lags increases in market interest rates; however, higher short-term interest

rates likely will contribute to rising funding costs in future quarters.

Branch banking activity has been very strong in recent years in some parts of the state.

- New York has experienced significant bank consolidation during the past ten years, similar to the national trend. This consolidation accompanied a reduction in bank branches in the late 1990s as banks tried to attract deposits through other channels, such as ATMs and Internet banking.
- During the past several years, emphasis on branches has re-emerged. **Manhattan** has experienced double-digit growth in the number of branches since 2001 (See Chart 5). Large regional and money center banks have increased their branch presence in the area with renewed emphasis on consumer banking.



²Office of Federal Housing Enterprise Oversight (OFHEO). OFHEO House Price Index: Housing Price Gains Continue to Accelerate. December 1, 2004.

³Analysis is for banks at least three years old.

New York at a Glance

General Information	Sep-04	Sep-03	Sep-02	Sep-01	Sep-00
Institutions (#)	202	206	212	223	234
Total Assets (in thousands)	1,772,134,129	1,715,228,992	1,584,658,572	1,603,690,135	1,370,667,059
New Institutions (# < 3 years)	8	8	11	16	15
New Institutions (# < 9 years)	28	26	24	23	20
Capital	Sep-04	Sep-03	Sep-02	Sep-01	Sep-00
Tier 1 Leverage (median)	9.01	8.87	8.66	8.89	9.03
Asset Quality	Sep-04	Sep-03	Sep-02	Sep-01	Sep-00
Past-Due and Nonaccrual (median %)	1.38%	1.52%	1.51%	1.75%	1.59%
Past-Due and Nonaccrual >= 5%	14	21	20	16	18
ALLL/Total Loans (median %)	1.13%	1.13%	1.14%	1.08%	1.06%
ALLL/Noncurrent Loans (median multiple)	2.17	1.58	1.51	1.64	1.73
Net Loan Losses/Loans (aggregate)	0.85%	1.11%	1.35%	0.52%	0.39%
Earnings (Year-to-Date Annualized)	Sep-04	Sep-03	Sep-02	Sep-01	Sep-00
Unprofitable Institutions (#)	12	8	18	21	15
Percent Unprofitable	5.94%	3.88%	8.49%	9.42%	6.41%
Return on Assets (median %)	0.86	0.89	0.92	0.87	0.93
25th Percentile	0.50	0.53	0.60	0.54	0.64
Net Interest Margin (median %)	3.74%	3.78%	4.04%	3.91%	4.10%
Yield on Earning Assets (median)	5.16%	5.50%	6.44%	7.50%	7.75%
Cost of Funding Earning Assets (median)	1.37%	1.65%	2.20%	3.56%	3.73%
Provisions to Avg. Assets (median)	0.06%	0.10%	0.11%	0.11%	0.10%
Noninterest Income to Avg. Assets (median)	0.62%	0.66%	0.64%	0.61%	0.58%
Overhead to Avg. Assets (median)	2.79%	2.82%	2.86%	2.87%	2.87%
Liquidity/Sensitivity	Sep-04	Sep-03	Sep-02	Sep-01	Sep-00
Loans to Deposits (median %)	66.32%	65.64%	68.84%	73.71%	72.99%
Loans to Assets (median %)	55.20%	53.77%	56.95%	59.77%	60.50%
Brokered Deposits (# of Institutions)	56	57	54	54	57
Bro. Deps./Assets (median for above inst.)	2.82%	2.14%	2.73%	1.53%	2.02%
Noncore Funding to Assets (median)	17.53%	17.78%	17.49%	19.99%	19.83%
Core Funding to Assets (median)	68.70%	69.67%	69.18%	67.25%	68.31%
Bank Class	Sep-04	Sep-03	Sep-02	Sep-01	Sep-00
State Nonmember	55	55	57	60	60
National	54	55	56	60	63
State Member	24	24	23	24	27
S&L	19	20	22	23	25
Savings Bank	23	23	22	23	24
Stock and Mutual SB	27	29	32	33	35
MSA Distribution	# of Inst.	Assets	% Inst.	% Assets	
New York NY PMSA	85	1,613,768,708	42.08%	91.06%	
No MSA	43	19,996,173	21.29%	1.13%	
Syracuse NY	12	3,638,152	5.94%	0.21%	
Nassau-Suffolk NY PMSA	10	56,345,866	4.95%	3.18%	
Albany-Schenectady-Troy NY	10	5,274,557	4.95%	0.30%	
Rochester NY	9	2,688,995	4.46%	0.15%	
Newburgh NY-PA PMSA	9	1,647,313	4.46%	0.09%	
Buffalo-Niagara Falls NY	7	58,865,354	3.47%	3.32%	
Utica-Rome NY	6	5,743,408	2.97%	0.32%	
Dutchess County NY PMSA	4	681,219	1.98%	0.04%	
Elmira NY	3	1,258,264	1.49%	0.07%	
Jamestown NY	2	741,760	0.99%	0.04%	
Glens Falls NY	1	1,215,707	0.50%	0.07%	
Binghamton NY	1	268,653	0.50%	0.02%	